Capital Structure and Financial Performance of Listed Companies in Thailand

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Abstract
This research aims to examine the relationship between capital structure and financial performance of the listed firms in the Stock Exchange of Thailand 100 (SET100 Index) and the Market for Alternative Investment (MAI) during the year 2013 to 2015. Financial performance was measured using return on asset (ROA), return on equity (ROE) and net profit margin. Capital structure was measured by financial leverage, debt to equity ratio (DE) and debt to asset ratio. Multiple regression is used to test this relationship. The results of the relationship study showed that companies listed in the SET100 indicated that capital structure has a significant relationship on the firm’s performance. However, the result indicated that capital structure has little to no impact on a firm’s performance for companies listed in MAI. Different relations among each industry can also be found. Moreover, it expands the frontier of theory regarding capital structure for investor community with the market responses on empirical evidence in Thailand.

Key Words: Financial Performance, Capital Structure, SET100 INDEX, MAI